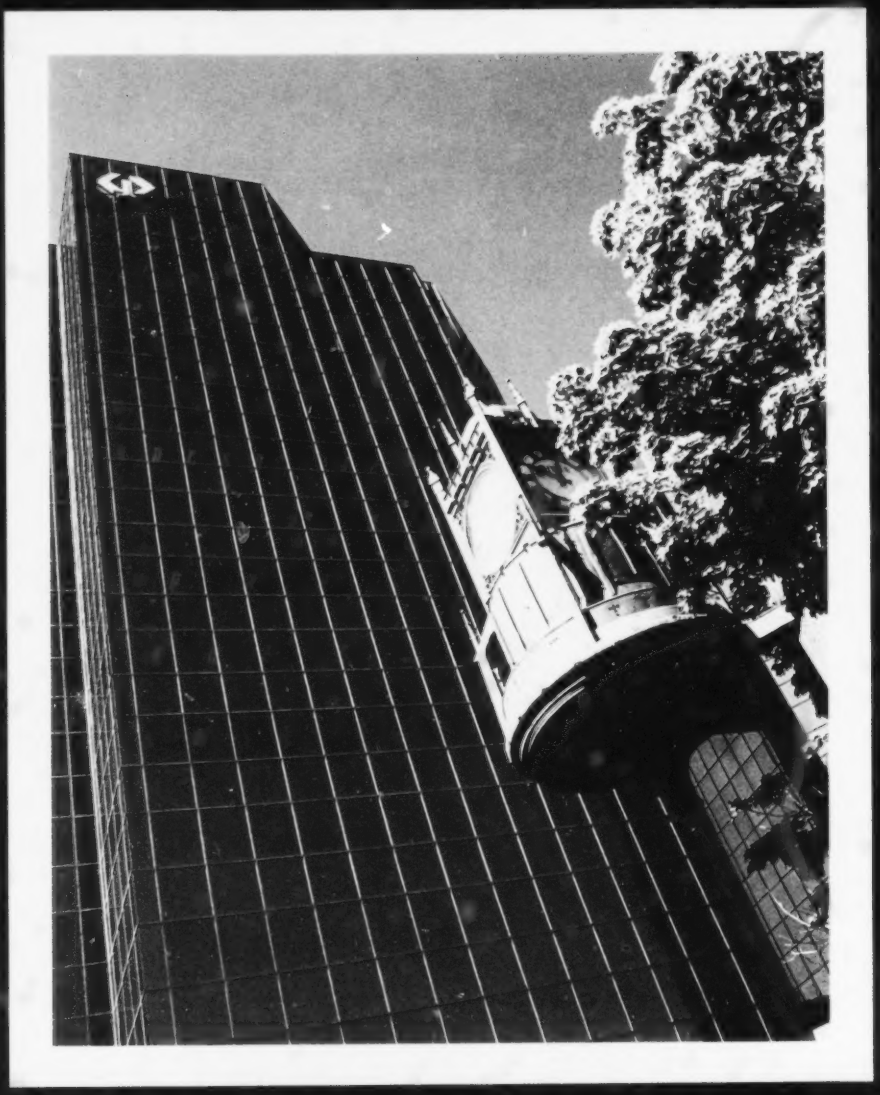
OPEN FOR OPPORTUNITY



# HAMILTON

ECONOMIC DEVELOPMENT REVIEW 2001

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*Design/Layout: BRASH Publishing* *Photography: Dennis R. McGreal*

## A MESSAGE FROM THE MAYOR

December 31, 2001 marked the completion of the first year of business for the newly amalgamated City of Hamilton. Even with a global economic downturn and the tragic events of September 11, the City still recorded a 10-year high in building permit activity. The strengthening of Hamilton's economy and the goal of competitiveness became strategic priority number one for the City.

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The year 2001 also saw the implementation of the ERASE plan, a first of its kind in Canada. This comprehensive Brownfield program provides grants for re-development, environmental studies, as well as planning and development fee rebates for the remediation of contaminated properties.

Hamilton International Airport broke the 500,000 annual total passenger barrier for the first time ever in 2001 and is expected to double that figure by the fall of 2003. The growth of both the passenger and cargo business at the airport is demonstrating the success of this public/private partnership and the growth potential for one of Ontario's strongest economic engines.

Similarly, Hamilton's Port Authority had another solid year and continues to be a key driver of the local industrial and manufacturing economy.

I invite you to read our 2001 Economic Review and see for yourself that the City of Hamilton is indeed "Open for Opportunity."

**– Mayor Robert E. Wade,**
**City of Hamilton**

## GENERAL ECONOMIC INDICATORS

| ACTIVITY | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|
| Bankruptcies[1] | | | | | |
| Business | 142 | 159 | 150 | 112 | 110 |
| Consumer | 1,794 | 1,590 | 1,493 | 1355 | 1437 |
| Building Permits[2] | | | | | |
| (Total Value in Millions) | 353 | 440 | 370 | 480 | 515 |
| Canadian Bond Rating[3] | AA+ | AA+ | AA | AA | AA |
| Housing Starts[4] | 1,991 | 1,848 | 1,923 | 1,556 | 1873 |
| Housing Completions[4] | 1,894 | 1,834 | 1,878 | 1,786 | 1713 |
| Social Assistance[5] | | | | | |
| Beneficiaries | 21,624 | 21,271 | 34,289* | 28,016 | 25,615 |
| Caseload | 11,429 | 10,661 | 13,968c | 12,377 | 11,159 |
| Unemployment Rate (Hamilton CMA)[6] | 6.5 | 5.2 | 4.9 | 5.0 | 6.1 |

[1] Industry Canada, Office of the Superintendent of Bankruptcy
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## DEMOGRAPHICS & STATISTICS

| COMMUNITY | POPULATION | | | AREA (SQ. KM) | PRIVATE DWELLINGS | | |
|---|---|---|---|---|---|---|---|
| | 2001 | 1996 | 1991 | | 2001 | 1996 | 1991 |
| **Ancaster** | 27,485 | 23,403 | 21,988 | 174.55 | 9,240 | 7,545 | 6,865 |
| **Dundas** | 24,394 | 22,125 | 21,868 | 24.20 | 9,316 | 8,500 | 7,745 |
| **Flamborough** | 37,796 | 34,037 | 29,616 | 489.90 | 12,911 | 11,320 | 9,615 |
| **Glanbrook** | 12,145 | 10,564 | 9,726 | 202.74 | 4,491 | 3,485 | 3,080 |
| **Hamilton** | 331,121 | 322,352 | 318,499 | 122.99 | 138,093 | 129,395 | 125,170 |
| **Stoney Creek** | 57,327 | 54,318 | 49,968 | 98.60 | 20,103 | 18,170 | 16,240 |
| **City of Hamilton** | **490,268** | **466,799** | **451,665** | **1112.98** | **194,154** | **178,415** | **168,715** |

* *Source: Statistics Canada - Census 2001, 1996, 1991.*
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# A Building Boom

## 2001 BUILDING PERMIT VALUES (IN DOLLARS)

| | Residential | Commercial | Industrial | Institutional | Misc. | Total |
|---|---|---|---|---|---|---|
| Ancaster | 53,996,775 | 9,222,845 | 1,490,000 | 5,122,000 | 124,000 | 69,955,620 |
| Dundas | 9,074,379 | 568,125 | 126,000 | 38,808,000 | 79,000 | 48,655,504 |
| Flamborough | 28,101,729 | 962,800 | 3,739,200 | 3,274,000 | 156,100 | 36,233,829 |
| Glanbrook | 18,875,656 | 1,104,800 | 3,106,600 | 0 | 74,000 | 23,161,056 |
| Hamilton | 127,391,113 | 53,084,026 | 20,994,986 | 44,623,063 | 2,838,663 | 248,931,851 |
| Stoney Creek | 50,181,770 | 6,198,500 | 25,784,200 | 5,511,000 | 707,734 | 88,383,204 |
| **Total** | **287,621,422** | **71,141,096** | **55,240,986** | **97,338,063** | **3,979,497** | **515,321,064** |

*Source: City of Hamilton Building Department*

*• Northgate Properties is constructing a 24,000-square-foot industrial facility on Glover Road in Stoney Creek.*

## BUILDING PERMITS (IN DOLLARS)
### OVERALL VALUE OF CONSTRUCTION TRENDS IN CITY OF HAMILTON

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|
| Residential | 221,443,463 | 226,013,908 | 244,559,404 | 233,207,740 | 287,621,422 |
| Commercial | 51,074,707 | 59,141,456 | 51,952,309 | 67,198,598 | 71,141,096 |
| Industrial | 39,200,541 | 77,837,647 | 39,323,242 | 63,467,437 | 55,240,986 |
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| Agricultural | 1,735,437 | 1,767,075 | 4,559,911 | 4,413,697 | * |
| Miscellaneous | | 4,315,634 | 1,584,015 | 5,638,883 | 3,979,497 |
| **Total** | **353,542,413** | **440,036,334** | **369,688,213** | **479,652,791** | **515,321,064** |

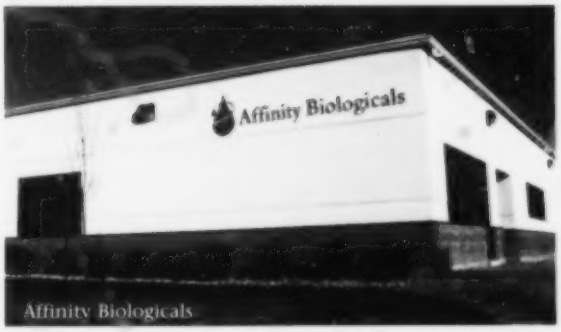
*Source: City of Hamilton Building Department / * 2001 Agricultural combined with industrial*

104-00334/

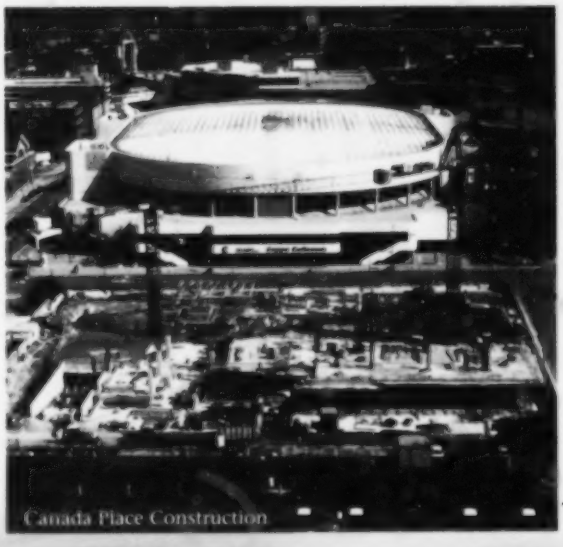


# Investment Highlights

**The City of Hamilton experienced tremendous growth in 2001 with many commercial and industrial developments leading the way. Here are some of the numerous investment highlights from 2001.**



Affinity Biologicals


Canada Place Construction

• **Aberdeen Surgical Equipment** completed a 5,000-square-foot facility in the Ancaster Industrial Business Park. Aberdeen Surgical is a manufacturer of compress and pressure bandages.

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• **The Beer Store** completed a 57,000-square-foot distribution warehouse on Dewitt Road in Stoney Creek. It will serve as the central distribution facility for Burlington, Hamilton and Niagara.

• **Canada Place**, a 242,000-square-foot office tower, is being constructed at 94 Market Street, in Downtown Hamilton. The building will consolidate the offices of the Canada Customs Revenue Agency from three locations in Hamilton. Construction is expected to be completed by the fall of 2003.

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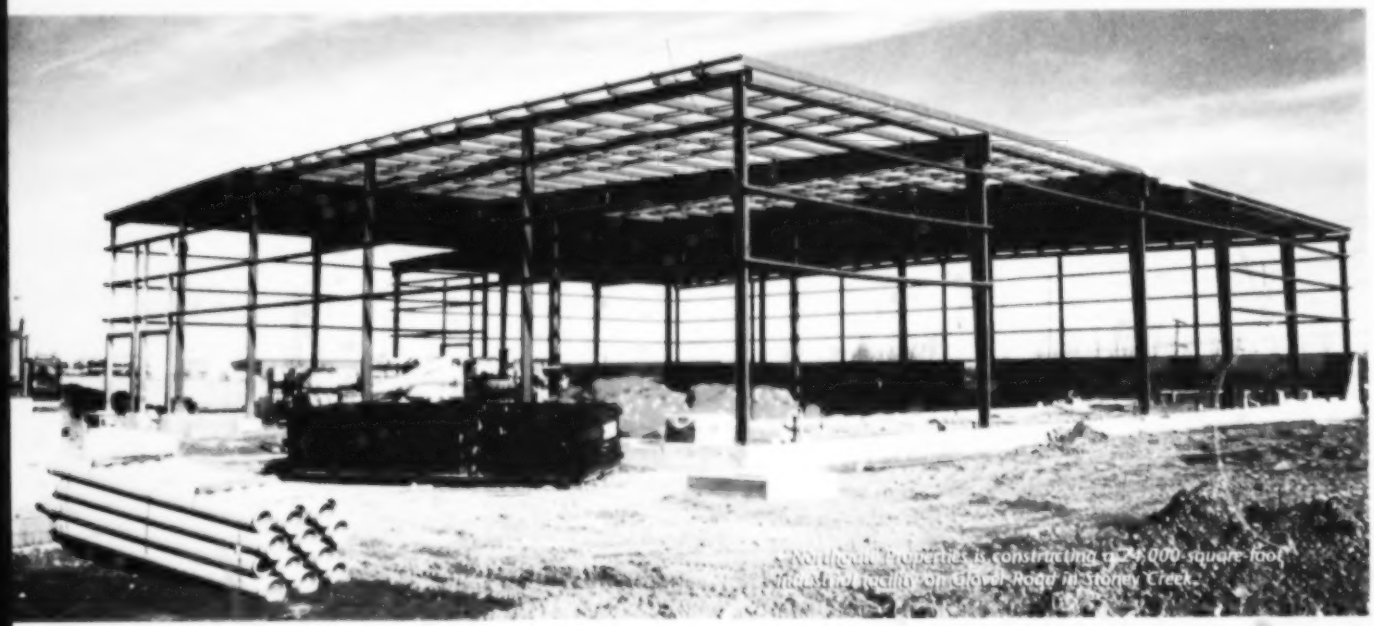

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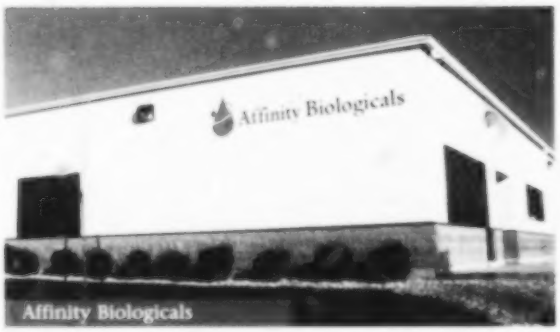


Affinity Biologicals

Canada Place Construction

# Investment Highlights

• **Canadian Curtis Refrigeration** completed the construction of its 51,770-square-foot manufacturing facility on Arvin Avenue in Stoney Creek.

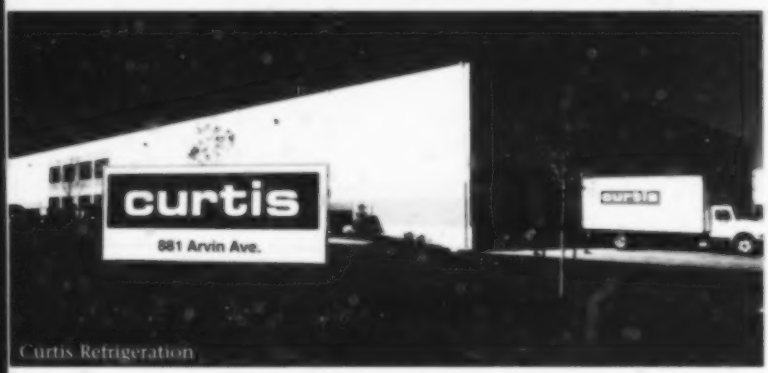
• **Columbia International College** opened a new student residence to house 270 foreign students on Hamilton's West Mountain. The residence is the fifth for Columbia, which is the largest international boarding high school in Canada.

• **Coreslab** purchased 126 acres and began building an 80,000-square-foot manufacturing facility in West Flamborough. Coreslab makes concrete structures for the construction industry.

• **Fabory Metrican Canada** established its third Ontario fastener distribution centre (6,000 square feet) on South Service Road in Stoney Creek.

• **FibreWired**, a division of Hamilton Hydro, formed a partnership with the City of Hamilton to provide high-speed Internet access and other data-related services to businesses in the Ancaster Industrial Business Park.

Coreslab Construction




Curtis Refrigeration

Siemens Canada

• **Frito Lay/PepsiCo** completed construction of a 36,000-square-foot distribution warehouse in the Ancaster Industrial Business Park.

• **Highland Packers** commenced construction on a 14,000-square-foot expansion at their existing facility on Highland Road in Stoney Creek.

• **Intech International Inc.**, a robotics firm which re-located from Burlington, Ontario, completed construction of an 8,000-square-foot facility in the Flamborough Techpark.

• **Lime Ridge Mall** is nearing completion of its three-phase re-development project which will see more than $43 million spent on renovations and $15 million in tenant construction. A new 750-seat food court was among the changes at the mall.

• **McMaster University** continued construction on its new 158,348-square-foot Student Centre. The $30 million project will result in the largest and most diverse campus facility of its kind in Ontario.

• **Mountain Steel** completed a 5,500-square-foot building for specialty steel fabrication in the Flamborough Techpark.

• **Niagara Pharmaceuticals**, a health products related firm, completed its 12,000-square-foot building in the Flamborough Techpark.

• **Royal Bank** consolidated two-and-a-half branches in a new building constructed at the corner of Lake Avenue and Queenston Road in Stoney Creek.

# Investment Highlights

• **Siemens Canada** began construction on a new 66,000-square-foot transformer repair facility for their Industry and Construction Group on Constellation Drive in Stoney Creek.

• **Silver Creek Corporate Centre** was completed on Queenston Road in Stoney Creek and is home to Re/Max Del Mar and several other businesses. The Silver Creek project involved a complete overhaul of the former Bingo Hall located at the site.

• **St. Joseph's Healthcare** completed a 650-space parking garage at its Charlton campus and started construction of a 10-storey tower on Charlton Avenue, replacing the existing Firestone Building.

• **Stryker Canada**, a medical supply firm, relocated its Canadian headquarters to the former Wescam building in the Flamborough Techpark and added an 8,000-square-foot expansion.

• **Tradeport International Corp.** began work on a terminal expansion at the John C. Munro Hamilton International Airport. The $5 million expansion will accommodate increased passenger demand for WestJet. Also, the Airport increased parking capacity by 70 per cent, adding 448 spots.

• **Valcor Building Products** completed work on a 50,000-square-foot facility. Valcor is the aluminum door and specialty window division of Arcor PVC Windows. The facility was the second of three Arcor buildings planned for the Flamborough Techpark.

Valcor Building Products

Columbia College Residence

McMaster Student Centre

Royal Bank, Stoney Creek

Lime Ridge Mall

# Brownfield Initiatives

**The City of Hamilton remained committed to promoting brownfield development in 2001. In August, the Province of Ontario gave final approval to the City's Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan. The Plan provides a program of financial incentives to encourage private developers to undertake brownfield developments. Incentives include:**

***Re-development Grants***

• equal to an 80 per cent rebate on municipal tax increases resulting from re-development for a period of up to 10 years. Grants cover the cost of environmental clean-up, demolition and site preparation.

***Environmental Study Grants***

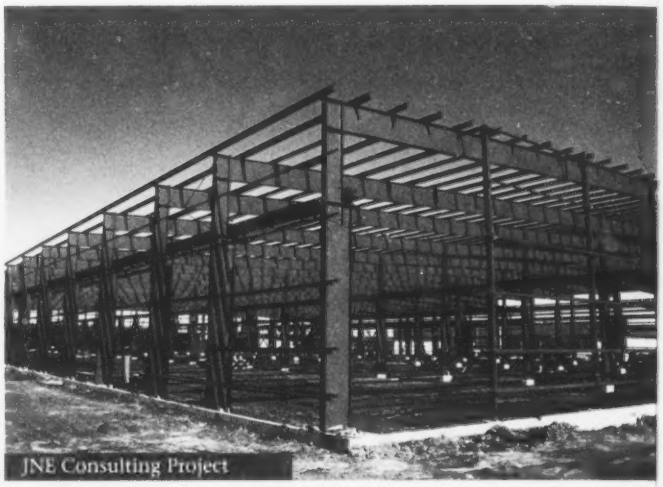
• cover 50 per cent of the cost of certain environmental studies, up to a maximum of $10,000 per study and two studies per property.

***Planning and Development Fee Rebates***

• eligible applicants who complete brownfield re-development projects are also eligible for rebates of various planning and development fees.

In addition to these incentives, the Economic Development Department is spearheading other complementary initiatives that include a review of tax collection procedures on contaminated and abandoned industrial properties as well as an examination of development charges on brownfield sites.

The department was also instrumental in securing $500,000 in pilot project funding through the City for one or two pilot projects to showcase brownfield development in Hamilton. Several pilot proposals are currently being reviewed by staff.



JNE Consulting Project

## *JNE Consulting begins $14 million project*

JNE Consulting began an estimated $14 million brownfield re-development project as part of the ERASE Plan in 2001.

The project involves the demolition of an obsolete 160,000-square-foot industrial building with low (12-foot) ceilings and the construction of a new 186,000-square-foot state-of-the-art industrial storage warehouse with ceilings in excess of 40 feet.

Two existing buildings on Parkdale Avenue, a 40,000-square-foot warehouse building at the rear of the site and an 8,400-square-foot office building, will be retained and renovated. JNE Consulting has signed a long-term agreement with Dofasco to lease all of the space in the new building for steel storage.

## *Brownfield Efforts Recognized with Awards*

***The City of Hamilton was recognized with several awards for its brownfield initiatives in 2001, including:***

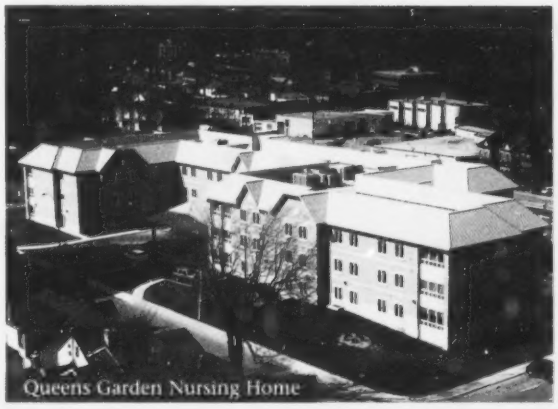
- *Canadian Urban Institute "Brownie Award" for Leadership in Program Implementation;*
- *Ontario Professional Planners Institute Excellence in Planning Award for the ERASE Community Improvement Plan;*
- *Economic Developers Council of Ontario Award of Excellence for Re-development Initiatives.*

# Brownfield Projects

## Queens Garden Nursing Home

The Queens Garden Nursing Home site was once the Greening and Donald Wire Manufacturing Facility. When it ceased operation, the site was converted to a parking lot, which the City of Hamilton purchased in the 1970s. It was used as a City parking lot until the 1990s, when it became surplus for City use. At that time, environmental testing was conducted, showing that the site was contaminated with petroleum from the former facility and possibly by fill which had been placed on the site.

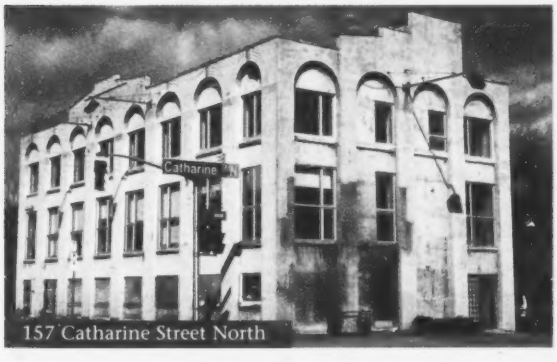
A Phase II ESA estimated the clean-up cost of the property at $1.2 million, while the clean value of the roughly two-acre site was only $600,000. This "negative cash value" property clearly presented the City with a serious financial challenge. The City was approached by the Laborer's International Union of North America (LIUNA), which had an allocation for 95 long-term care beds and wished to build a nursing home on the site. An agreement was reached between the City of Hamilton and LIUNA where


Queens Garden Nursing Home

the City sold the site to LIUNA for $1 and agreed to a 50/50 partnership on the clean-up cost to a maximum of $1.2 million, with the City's maximum contribution to the clean-up being $600,000. These monies will be re-couped by the City through future increased tax revenues on the site. The clean-up of the site and construction of this modern Downtown nursing home is now complete and the facility is slated to open in spring 2002.

## McCallum Sather Architects

McCallum Sather Architects Inc. completed the renovations on the second floor of their building at 157 Catharine Street North. The firm, which has conducted business in Downtown Hamilton since the early 1990s, is currently converting the third floor of the former Mattress Factory building to residential and future plans include converting the lower floor to either residential or commercial.



157 Catharine Street North

## *Brownfield Conference held at LIUNA Station*

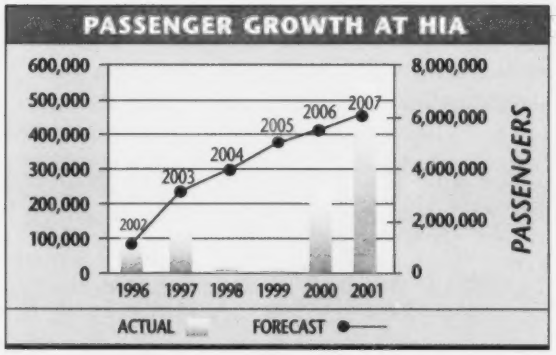
The City of Hamilton's Economic Development Department, in conjunction with the Canadian Urban Institute, held a conference on Brownfield Development Policy & Practice in October, 2001. The conference was held at LIUNA Station, a nationally designated heritage building, and itself a former abandoned brownfield site which has been cleaned up and restored to its former glory.

An excellent line-up of speakers was assembled and many topics were discussed, including community building, project financing, new brownfield legislation, and environmental insurance. A special "Hamilton Track" focused on the City's efforts to promote brownfield development and LIUNA's brownfield development projects.

# Airport Takes Flight

**It was a banner year for the John C. Munro Hamilton International Airport in 2001. Highlights include:**

- Hamilton International Airport (HIA) firmly established as Ontario's third largest passenger airport;
- 128 per cent increase in passenger movements, 553,462 persons enplaned/deplaned at HIA;
- 30 per cent increase in commercial passenger flights during 2001, 4,237 passenger flights landed and departed the airport;
- 10 per cent increase in total aircraft movements, 111,572 total landings and departures in 2001;
- Commenced design phase of multi-million dollar expansion of the passenger terminal in lock-step with route expansion plans of WestJet Airlines. Construction to begin in 2002 and completion in 2005.



## *Cargo Leader*

With a 10,000-foot runway, a category II lighting system and 24-hour operation without night-time restrictions, the Hamilton International Airport is a prime terminal for courier/cargo and air freight.

As an inter-modal transportation link, the airport is well-located within a one-day trucking radius of the largest market in North America. Long-term commitments by Purolator, Federal Express, and United Parcel Service have established Hamilton International as Canada's number one cargo/courier airport.

## *WestJet Connects*

*WestJet Airlines confirmed its commitment to HIA as its eastern hub, and the addition in 2001 of direct flights from Hamilton established the City as a direct connection for Canadians travelling to the Greater Toronto Area:*

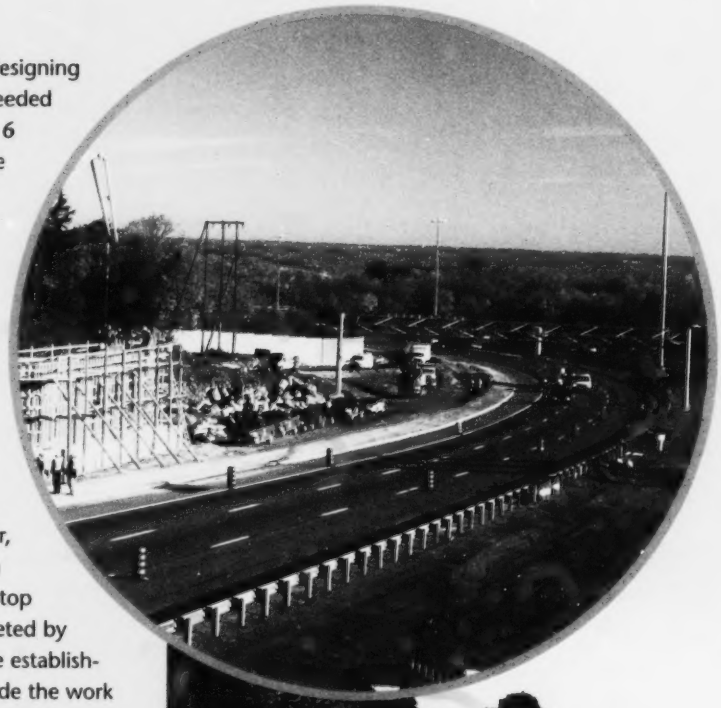
- *2 daily peak summer season flights to Moncton;*
- *4 weekly non-stop flights to Edmonton;*
- *4 weekly non-stop flights to Saskatoon;*
- *regular weekly non-stop flights between Hamilton and Kelowna;*
- *daily non-stop flights between Hamilton and Sudbury.*

# Roads To Prosperity



**The New Highway 6:**

The Ministry of Transportation is currently designing and constructing several of the structures needed to build the first phase of the new Highway 6 project. Once all of the necessary lands have been acquired, the first phase will establish a new two-lane highway from Highway 403 to the Hamilton International Airport. The new highway is scheduled to open in 2004. Future phases for the project include widening of the first phase from two to four lanes and an extension of the roadway south to Caledonia.

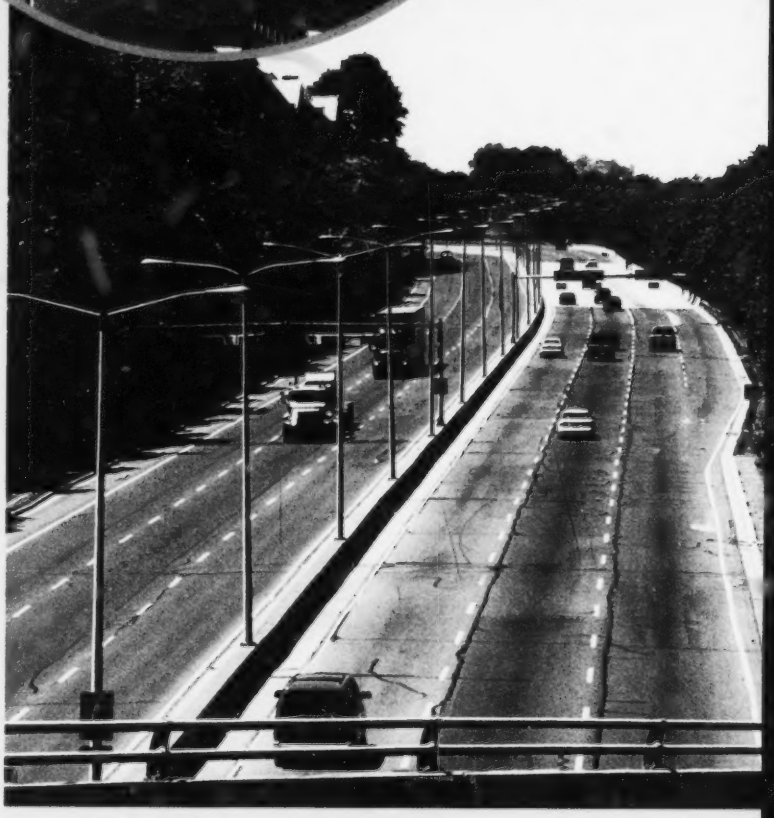


**Mid Peninsula Corridor:**

The first phase of the Mid Peninsula Corridor, a four-lane controlled access roadway which will link Fort Erie to Highway 407 along the top of the escarpment, is expected to be completed by the end of 2002. The first phase involves the establishment of the Terms of Reference that will guide the work during the route planning phase of the study. This process will require a complete review of the Ministry of Transportation's Niagara Peninsula Transportation Needs Assessment Study, along with a government agency/community consultation process.

**North-South Red Hill Creek Expressway:**

In 1999, the former Regional Municipality of Hamilton-Wentworth launched a judicial review challenging the federal government's decision to subject the Expressway project to another wide-ranging planning review. That challenge proved to be successful. In January 2002, the federal government announced it would not appeal the case to the Supreme Court of Canada. As a result of the delay and legislative commitments, Expressway construction, which was stalled in 2001, is not expected to occur until 2003. Staff will report back to Council in the fall of 2002 with the results of the assessment process initiated in 1997, describing the enhancements made to the Expressway design approved in 1985.



# Harbouring Change

The Hamilton Harbour Commissioners became the Hamilton Port Authority (HPA) in 2001 and embarked on the single most significant land use planning process in the Port's history. The transition included the legislated requirement that the HPA prepare a Land Use Plan that contained objectives and policies for the development of the property that it manages, holds or occupies.

The Land Use Plan preparation process began with a brainstorming session to define a Strategic Vision for the Port's future. Key elements of this vision are:

- promoting the Harbour as a diverse and dynamic environment that supports a mixture of uses;
- placing an emphasis on partnerships with all levels of government, as well as community groups and environmental organizations, other Ports, and other industries;
- thinking about business development in terms of the 'new economy';
- taking full advantage of the location of the Port in the context of the Golden Horseshoe region.

## Development Highlights

In an effort to support Hamilton's Brownfield initiative, and future growth requirements of the Port, the Hamilton Port Authority acquired the last remaining portion (an area of 35 acres) of the Case Canada facility at Pier 15.

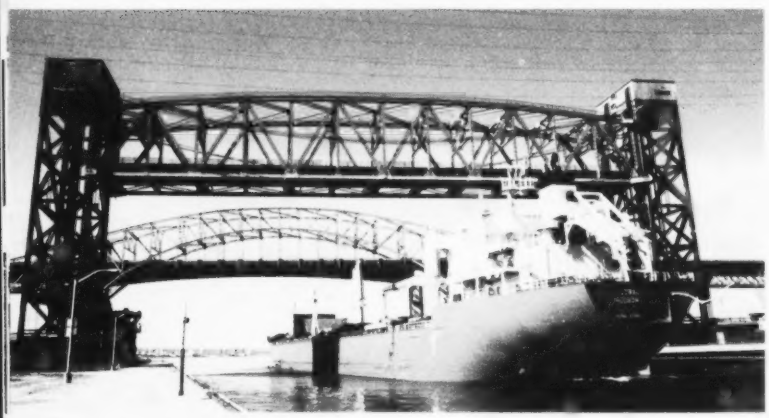
This once vibrant icon in the community had been idle until 2001 when the HPA acquired it and immediately leased the facility to Newcastle Logistics – a warehousing, logistics and distribution facility.

Many Port improvements were made over the course of the year, including the re-construction of the main rail siding serving Piers 11, 12 and 14 from the north side of Burlington Street to the east side of Victoria Avenue North.

**PORT OF HAMILTON**

| | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|
| **Total Tonnage* -** | **12,304,280** | **11,526,621** | **12,067,611** | **10,733,127** |
| Overseas Tonnage* | 1,727,737 | 1,126,351 | 1,493,849 | 1,208,116 |
| Domestic Tonnage* | 10,576,543 | 10,400,270 | 10,573,762 | 9,525,011 |
| **Total Vessels -** | **685** | **659** | **701** | **577** |
| Overseas - | 165 | 147 | 192 | 167 |
| Domestic - | 520 | 512 | 509 | 410 |

* Metric Tonnes



## Financial Highlights

- operating revenues were just under $13 million;
- capital expenditures topped $9 million;
- net profit was approximately $2.2 million;
- realty taxes paid to the City on behalf of Port tenants were $2.9 million.

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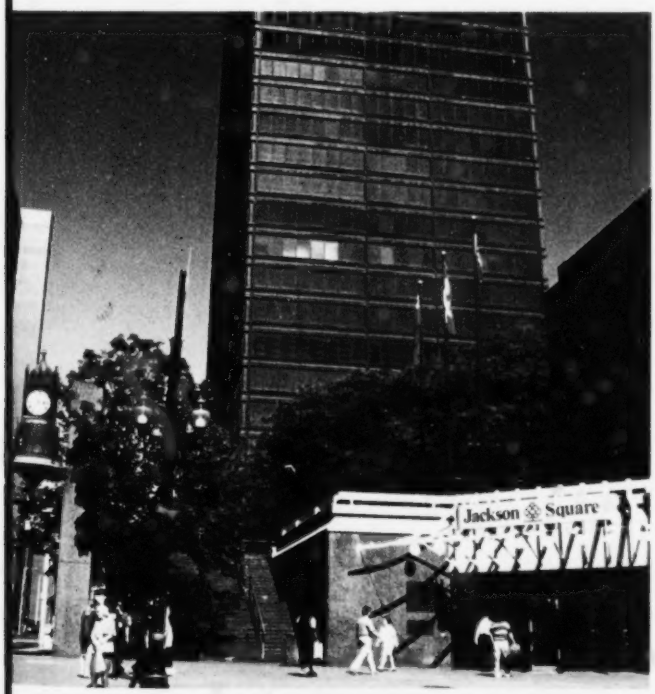
# Growing Downtown



## Downtown Renewal Division

In 2001, the City of Hamilton established its first-ever Downtown Renewal Division. Fostering excellence in development and promoting the rehabilitation and development of properties in all Downtowns are among the functions of the Renewal Division.
The Renewal Division will act as a single point of contact for Downtown development applications and serve as the principal contact at City Hall for the City's 11 Business Improvement Areas.
Other functions of the Renewal Division include:
• implementing the Downtown Secondary Plan and the Downtown Transportation Master Plan;
• preparing and implementing a long-term capital investment/development plan for the Downtown;
• preparing urban design and streetscape plans for all of the City's Downtowns & BIAs;
• acting as a single source in City Hall for public and private sector Downtown initiatives and developments.



## Downtown Secondary Plan

The Hamilton Downtown Secondary Plan is a formal plan for the Core, forming part of the Official Plan for the City. The plan, approved in 2001, will present the community's vision for the future of the Downtown to guide public and private decision-making. It will also indicate what the City's priorities will be for publicly funded initiatives in the Core.

## Capital Budget Plan

A 10-year Capital Budget Plan for the City's Downtown area was formulated with input from the municipality and the public. This plan captures the relevant components needed to create the infrastructure and public space improvements designed to promote the revitalization of the Downtown Core. The implementation of the plan will create an atmosphere for private development as well as a strategic framework for carrying out public infrastructure improvements to Hamilton's Core.

## Transportation Master Plan

The Downtown Transportation Master Plan embodies many guiding principles, including the following:
• Support a mix of land uses and built form, and ensure development can be supported by the transportation system and by appropriate land use and parking controls;
• Strengthen the links between the core and the harbour;
• Provide short-term business oriented parking, discourage long-term parking and provide public parking in strategically located structures or lots.

# Growing Downtown

## Business Developments

• ***McMaster University*** signed a 10-year lease to have its Downtown Campus in the City's former courthouse (pictured at left) on Main Street. It is home to several departments for McMaster and more than 200 of the university's staff members.

• ***Frontline Focus International*** purchased and renovated 64 King Street East and relocated its head offices to the premises. Frontline is a full-service market research agency employing about 40 people.

• ***Canada Place*** construction began at 94 Market Street. The 242,000-square-foot facility will consolidate the offices of the Canada Customs Revenue Agency from three Hamilton locations.

• ***Canadian Institute of Dental Hygiene*** officially opened Canada's first private dental hygiene facility in 16,000 square feet of renovated space in the Core. The project came in at just under $10 million.

## Restaurants

**Several restaurants opened their doors or expanded operations in 2001, including the following:**

• ***The Junction Café and Lounge*** (pictured at left) had its grand opening at 197-199 King William Street in 2001. The $475,000 Junction Café project included a rebuilt facade of an 1853 heritage building;

• ***My-Thai*** opened at 21 John Street North, providing Downtown with a taste of authentic Thai cuisine;

• ***The Pepper Jack Cafe***, at the corner of King William and Hughson streets, opened its doors in June of 2001;

• ***The Rude Native Bistro***, at 43 King William Street, expanded to accommodate a new bar and patio;

• ***The Jade Garden***, at James & Vine, is the City's newest Chinese food eatery. Over $400,000 was invested;

• ***La Luna***, featuring Lebanese cuisine, opened its doors at the corner of King and Queen streets.

## Residential Highlights

• ***135 James Street South*** – The former Alexandra Square is being converted to an upscale apartment complex of 191 luxury condo apartments. The $25 million project is the largest convert-to-residential to date in the Core of Hamilton.

• ***155 James Street South*** – The former Professional Arts office building has been retro-fitted in order to accommodate 90 new apartments.

• ***207-213 King Street*** – Hamilton Housing Company Limited completed CityViews, a new three-storey elevatored building.

• ***11 Rebecca Street*** – Rebecca Street Holdings is planning a development, including 40 residential lofts aimed at young professionals.

• ***202-204 King Street*** – Downtown Hamilton business owner Gord Thompson developed a mixed use property including four, two- and one-bedroom apartments, as well as a new storefront property.

• ***Homestead Holdings*** is in the process of converting five floors of commercial office space into 35 luxury apartments at 100 Main Street East (formerly the Century 21 Building, at left).

# Core Programs



**Ongoing efforts to stimulate growth in the Downtown continued in 2001. Helping to drive growth in the Core were two innovative plans – the Downtown Residential Loan Program, and the Municipal Realty Tax Incentive Grant Program, known as the Enterprise Zone.**

## Residential Loans

The Downtown Residential Loan Program was developed to provide a financial incentive to developers by assisting with the costs of converting commercial space in commercial buildings into apartments, or renovations to bring existing apartments into compliance with the property Standards By-law and Fire Code.

Under the program, loans will be interest-free for a maximum of 10 years. The principal is repayable over 120 months, in equal payments, upon completion of the project. The loan is calculated on the basis of $20 per square foot of habitable floor space.

The loan program was so successful that the entire $10 million line of credit allocated for this endeavour was earmarked for over 500 residential units.

*The Copp Block (above) and 155 James Street South (top right) were among the many projects which changed the face of Hamilton Downtown in 2001.*

## Enterprise Zone

The Municipal Realty Incentive Grant Program, approved in 2001, is designed to provide an economic catalyst for Hamilton's Downtown. Under the plan, known as the Enterprise Zone, tax rebates will be made available for developing, re-developing or renovating residential/commercial lands and buildings in the boundaries of the International Village and Downtown Hamilton Business Improvement Areas (BIAs).

For each rebate application approved, the program will authorize a nine-year rebate, in an amount not exceeding the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. Approved rebates shall not exceed 100 per cent of the municipal realty tax increase during the first five years, 80 per cent in year six, 60 per cent in year seven, 40 per cent in year eight and 20 per cent in year nine.

# Cashing In On Tourism

A Canadian Tourism Research Institute survey shows tourism in Hamilton generated some $310.1 million in 2001. All overnight visitor spending was included in this report as well as spending by same-day visitors from other parts of Ontario and Canada.

Of the total $310.1 million spent by visitors in 2001, $259.7 million came from domestic visitors. Visitors from the United States spent $33.7 million, while overseas visitors accounted for $16.7 million of travel spending. The largest share of all visitor spending, $156.8 million, was attributed to public transportation (see tourism expenditure chart at right). Public transportation also includes expenditures incurred by local residents on travel outside the region and not just visitor spending in the region.

## *Visitor Expenditure Comparisons With 2001*

Total visitor spending attributed to tourism during 2001 in Hamilton was estimated to have increased by 1.0 per cent over the $307 spent in 2000. The marginal increase in tourism spending is attributed primarily to the effects that September 11, 2001 had on travel, not only in Hamilton but worldwide.

Domestic expenditures – that is spending by Canadian visitors – is estimated to have increased by 0.6 per cent while spending by United States visitors increased by 5.6 per cent.

**TOURISM EXPENDITURES, 2001**
(Millions of Dollars)

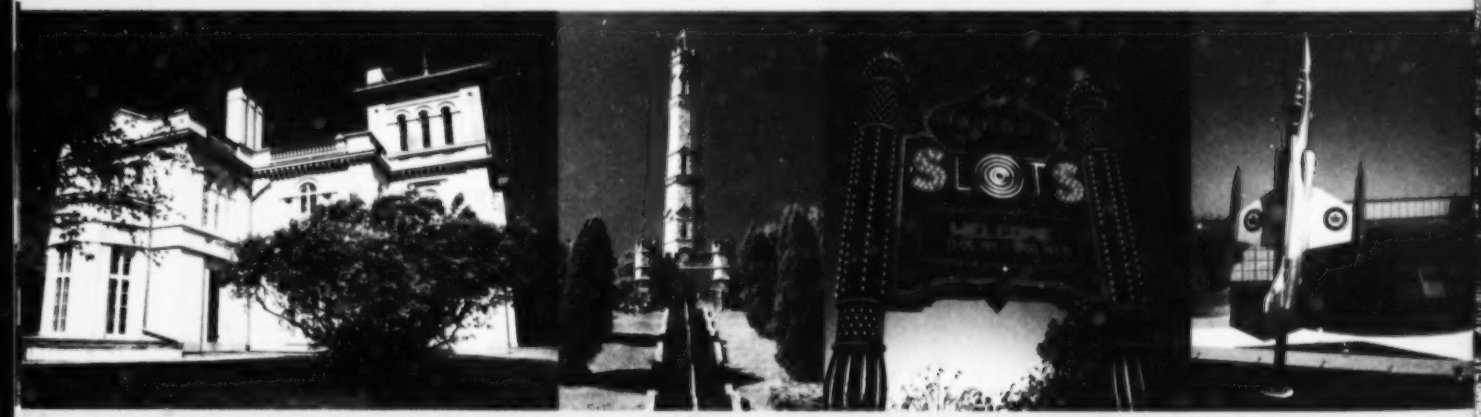
| Expenditure Category | Spending ($) | % of Total |
|---|---|---|
| Public Transportation | 156.8 | 50.5 |
| Rental Cars | 3.7 | 1.2 |
| Private Transportation | 32.8 | 10.6 |
| Local Transportation | 2.7 | 0.9 |
| Accommodation | 21.2 | 6.8 |
| Food & Beverage (at stores) | 10.7 | 3.4 |
| Food & Beverage (at rest./bars) | 34.6 | 11.2 |
| Recreation/Entertainment | 12.3 | 4.0 |
| Retail | 35.3 | 11.4 |
| Total | $310.1 | 100.0 |

*SOURCES: International Travel Survey and Canadian Travel Survey, Statistics Canada; Canadian Tourism Research Institute.*

## *Impact Comparisons With 2001*

Despite the negative impacts on the tourism industry caused by the events of September 11, tourism in the Hamilton region did benefit from increased air access. Overall, compared to much of Canada and the province of Ontario, Hamilton's tourism industry fared reasonably well during 2001.

While the travel outlook for 2002 remains quite subdued for overseas travel to Canada, the domestic travel market and travel from the United States could represent a boost to both Canada's and the local tourism industry.



# Lights, Camera, Action

Due to a number of factors, the City of Hamilton witnessed an overall decline in film and television production activity in 2001. Production was accelerated during the first six months of the year but fell during the second half.

The drop in production activity during this period was attributed to a threatened Screen Actors Guild (SAG) and Writers Guild of America (WGA) strike. The second half of the year was further exacerbated by the catastrophic events in the United States on September 11.

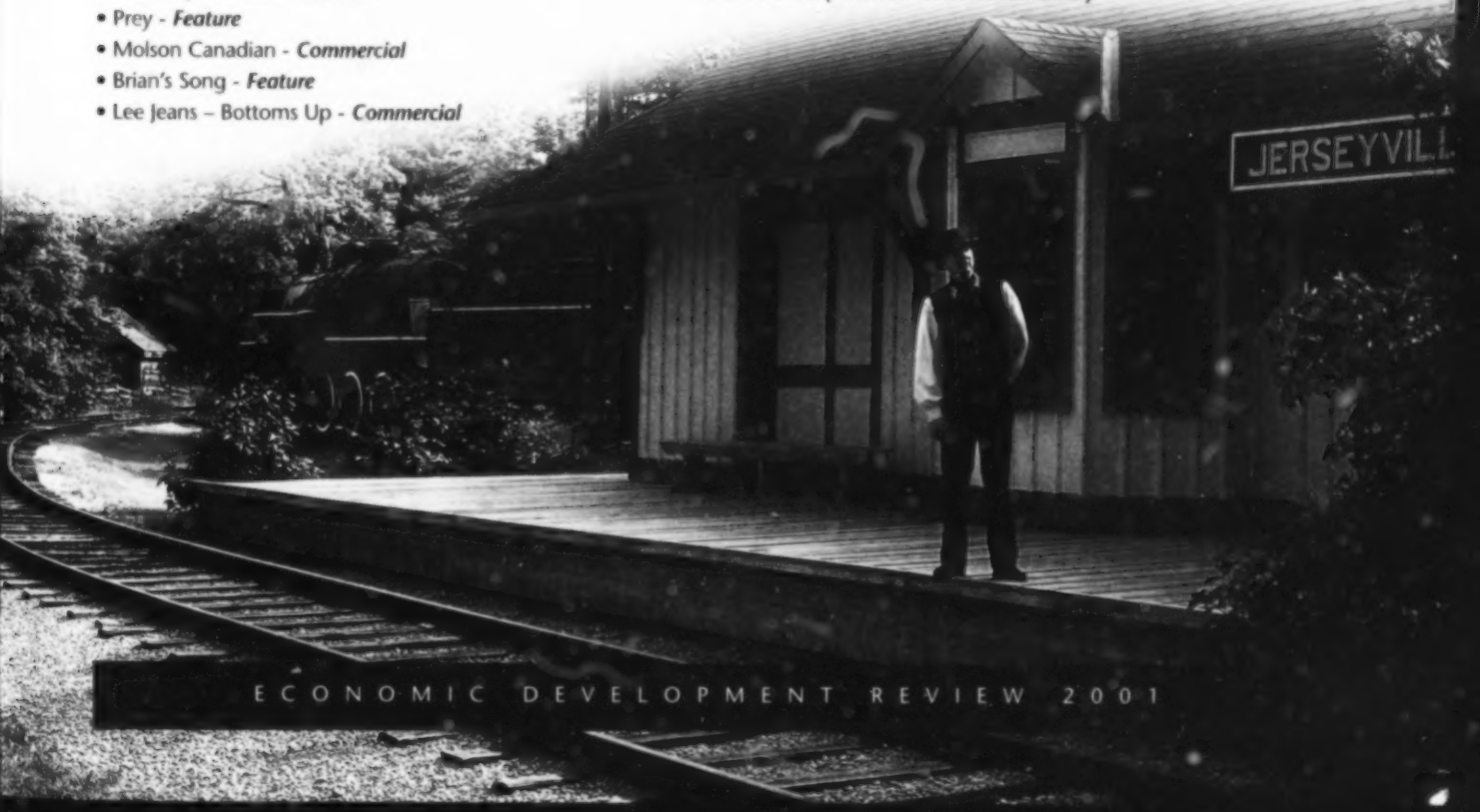
Despite the downturn in activity, there was good news for Hamilton as the City was acknowledged with an award for its strong contribution to the Ontario film and television industry in 2001. It was the third consecutive year that the City has received this honour.

The Hamilton Film Liaison Office, under the auspices of the Economic Development Department, provides a range of programs and services to stimulate the growth of local film and television production industry.

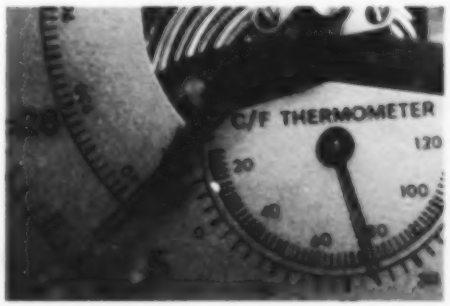


## HAMILTON ON FILM - 2001 ACTIVITY

- News That Brings You Closer to Home - ***Commercial***
- The Curator - ***Documentary***
- Death to Smoochy - ***Feature***
- Loosing Juggles - ***Short Feature***
- Evelyn Dick and the Torso Murder - ***Documentary***
- Verizon - ***Commercial***
- Pylons - ***Short Feature***
- Avenging Angelo - ***Feature***
- Men with Brooms - ***Feature***
- The Science of Death - ***TV Documentary***
- Duct Tape Forever - ***Feature***
- Prey - ***Feature***
- Molson Canadian - ***Commercial***
- Brian's Song - ***Feature***
- Lee Jeans – Bottoms Up - ***Commercial***
- Honda RSX - ***Commercial***
- Flower Power II - ***TV Series***
- Our America - ***TV Movie***
- Sins of the Father - ***TV Movie***
- Jane Doe - ***TV Movie***
- GM Corporate "What If" - ***Commercial***
- Tim Horton's - ***Commercial***
- H & R Block - ***Commercial***
- Street Time - ***TV Pilot***
- Patti - ***TV Series***
- Hands on Experience - ***Pilot Documentary***



# Economic Outlook




Contrary to popular belief, 9/11 was not the reason that the North American and Global economies went into recession last year. But, did it make a bad situation worse? Most definitely. In the late summer of 2001, there were strong signals that the manufacturing sector in North America had "bottomed out" and the prospect of a recession would be avoided. Unfortunately, the tragic events of September 11 quickly reversed the trend. In fact, they significantly impacted sectors that otherwise would have weathered the downturn with only minor difficulties. The best examples being the airline and hospitality industries.

All of the economic indicators prior to 9/11 pointed to a continued weak performance of the U.S. and Canadian economies for the balance of the year and into 2002. Second and third quarter results in 2001 for Canada's GDP (Gross Domestic Product) demonstrated abysmal levels at +0.4 per cent and –0.5 per cent respectively. Interestingly enough, recently announced fourth quarter GDP numbers for Canada showed a +2.0 per cent growth rate. This meant that the country was "technically" never in a recession because it posted only one quarter instead of two consecutive quarters of negative growth.

The strong monetary and fiscal response by both the U.S. Federal Reserve and the Bank of Canada went a long way to ensuring a "soft landing" for the economy. As a result, equity markets (an excellent barometer of future growth) have been firming steadily over the past couple of months and selling in the bond markets has been accelerated because of the recent positive industry and consumer spending data.

Another positive sign was the March 1 announcement by the Institute of Supply Management (ISM) in the U.S. Its purchasing managers' index jumped to 54.7 in February, this was the first time since July of 2001 that it has broken the 50 threshold (an indicator that the U.S. manufacturing sector is expanding). Similarly, the ISM reported huge increases in its new orders sub-index and current production index.

These numbers are particularly important since they represent the end to the inventory liquidation phase and the need to commence production to satisfy consumption. In last year's Economic Forecast, two of the three factors identified as contributors to the economic slowdown were "a huge increase in inventories" and "a growing energy shock in terms of prices." It is evident now that the inventory issue no longer remains and the current benign energy prices and large amounts of capacity (i.e. electricity) have eliminated the other factor.

So what lies ahead for Canada's economy? If you believe the majority of forecasts, the strong economic data during the first quarter of 2002 clearly points to the end of the recession. But the jury is still out as to how strong and steady the recovery will be. It is expected that the U.S. economy will not be firing on all cylinders until at least the fourth quarter of 2002. Canada, however, has fared somewhat better than the U.S. and should realize growth in the second half of 2002 at an annualized rate of nearly 3 per cent. This will be led primarily by the Finance Insurance and Real Estate sector.

The inflation rate is no longer an issue for Canada's economy with a dramatic reduction in energy costs (the primary driver) since the downturn began. Interest rates are forecast to marginally increase during the year and consumer spending and housing, which accounts for 60 per cent of the GDP, should remain constant.

On the other hand, unemployment is really a major concern and is expected to continue to climb higher in the months to come. The unemployment rate is a "lagging" indicator because companies traditionally begin to hire at the bottom of the recession but not quickly enough to absorb the population increase in unemployment. Therefore, even though growth in the economy is positive and payrolls are increasing, the unemployment rate is the last to reflect this trend.

• *continued on next page*

# Local Perspective

Due to the dominance of the manufacturing and transportation sectors in Hamilton's economy, 2002 is anticipated to be a difficult year for the City's business community. These industry sectors are forecasted as having the slowest growth rates for the remainder of the year. Since most of Hamilton's local companies are export oriented and have a large customer base state-side, their return to prosperity will be entirely dependent on the strength of the recovery and the level of consumer spending in the U.S.

The local construction industry, and in particular the homebuilders, should by all accounts enjoy another good year. Low interest rates continue to fuel the demand for new houses by "baby boomers" as they transition from "starter" homes into larger, new accommodations.

The Hamilton International Airport remains by far the bright spot of the local economy. Even though cargo traffic continues to demonstrate consistent year-over-year growth, the big story is the success of Westjet Airlines (+500,000 passengers in 2001) and the City of Hamilton as its Eastern Hub. In February 2002, Westjet announced a very aggressive plan that will dramatically increase the number of flights in and out of Hamilton. The challenges confronting both HIA's operating company (Tradeport Inc.) and the City of Hamilton will reside in financing and ensuring that adequate infrastructure (roads, terminal expansions, taxiways, etc.) is in place to accommodate this growth.

The Corporation of the City of Hamilton also faces significant challenges in 2002. Specifically, in regards to efforts to continue its hard-line business tax reduction plan while simultaneously coping with the problems of unfunded, downloaded responsibilities by the provincial government. The City has confirmed its commitment to an economic development mandate with the institution of innovative incentive programs for the revitalization of the Downtown Core and the City's Brownfields.

City Council is also moving forward with a long-term economic development strategy – one that is founded on "cluster development" with the objective of diversifying the economic base. It's another positive sign that the City of Hamilton means business and is Open For Opportunity in 2002 and beyond.

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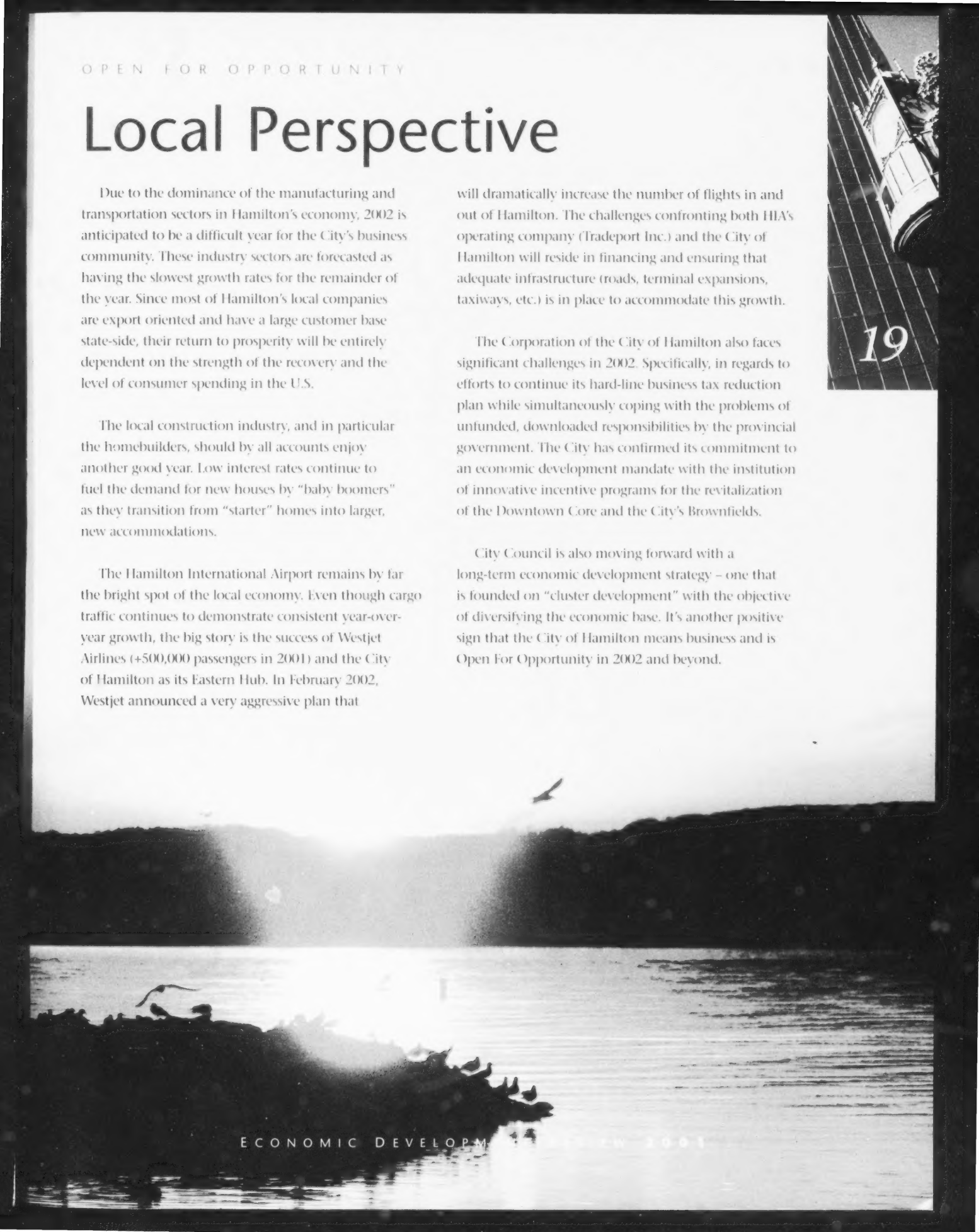

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THE CITY OF
HAMILTON

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